

## Housing Cost & Value • Housing Affordability Gap • Income

*Distributed by the Department of Planning and Zoning, Research Section*

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### Introduction

The initial purpose of the Housing Data Clearinghouse (HDC) was to assemble produce and provide easy access to data on government-assisted housing from a variety of sources that include the U.S. Census and federal, state and locally funded programs.

This is the first in a series of newsletters, which will update you with Miami-Dade County's most recent research on the state of housing and affordability. If you need more information, please email us directly. We welcome your comments or suggestions. On page three of this publication you will find what we are currently working on and references to other valuable source of housing information. Page four lists our contact information.

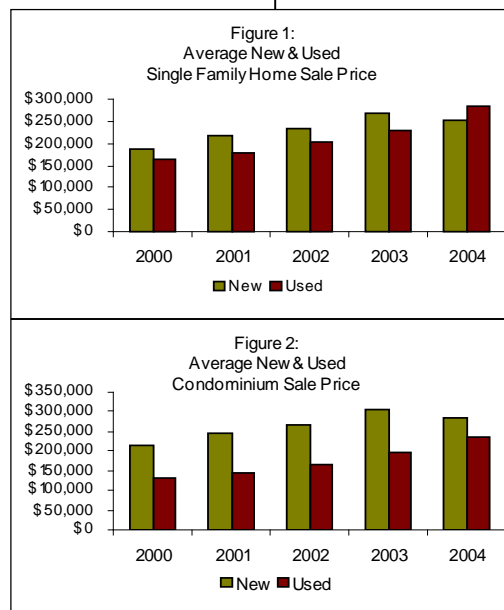
### The Cost and Value of Housing

The cost of housing in Miami-Dade County is high and increasing. Between 2000 and 2004, average housing costs for both renter and owner-

occupied housing units were on the rise.<sup>1</sup> Renters who paid an average of \$647 in 2000 spent \$130 more (\$777) in 2004, while homeowners went from paying \$1,206 each month to \$1,336.<sup>2</sup>

These housing costs reflect the rapidly escalating value of housing throughout Miami-Dade County in the past five years. From 2000 until 2004, sale prices for new single-family homes and condominiums increased by nearly 30 percent, while the selling price for used single family homes and condominiums soared by over 70 percent (see Figures 1 & 2).<sup>3</sup>

In 2004, for the first time in five years, used single-family homes out-priced the sale of new single-family units by \$30,000, selling for \$283,000. Used condominiums on the other hand continued to sell for less than new condominiums.<sup>4</sup>



<sup>1</sup> Housing costs for renter-occupied are "gross rent", i.e. the amount of contract rent plus the estimated average monthly cost of utilities and fuels. Housing costs for owner-occupied units are "selected monthly owner costs", i.e. the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees.

<sup>2</sup> Source: U.S. Census Bureau; Census 2000, Summary File 3; 2004 American Community Survey. Internet, <http://factfinder.census.gov>.

<sup>3</sup> Source: Courthouse records as compiled by Appraisal and Real Estate Economics Associates, Inc. (A.R.E.E.A.), Miami, Florida, 2005.

<sup>4</sup> 2004 A.R.E.E.A. data only records sales and counts from January through the month of June.

### “Housing Affordability Gap”

Whether due to foreign investment in the housing market, a dwindling supply of residential land, or the rising costs of construction, housing prices throughout Miami-Dade County have been steadily increasing. The issue of affordability though would not be as pressing if incomes were increasing at a rate comparable to that of housing prices. The disparity between income and the cost of housing, or the “Housing Affordability Gap” has been ongoing since 1970 and recently increased.

In 1970, the median value of a home in Miami-Dade County was about double the median yearly household income, which at the time was \$7,151. In just 30 years, by 2000, a home was valued at \$124,000, nearly 3.5 times the median yearly household income. And just four years later, in 2004, a home's value, \$193,906 was more than 5 times the household yearly income of \$37,025.<sup>5</sup>

The latest widening of the “Housing Affordability Gap” between 2000 and 2004 was due to an almost static income level coupled with a large spike in housing value. The median value of a house increased by over 56 percent, while there was barely a 3 percent increase in income between 2000 and 2004.

Though the highest percentage housing value increase was between 1970 and 1975 (160 percent), the increase between 2000 and 2004 was the largest without a corresponding raise in the median income level.

### Economic Indicator: Income

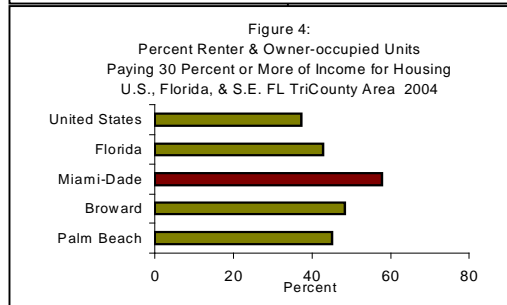
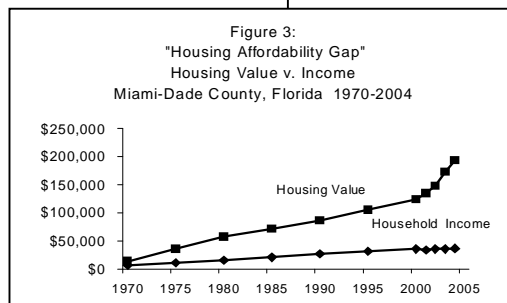
<sup>5</sup> Source: U.S. Census Bureau; Census of Population and Housing 1970-2000, 2001-2004 American Community Survey; Available from <http://factfinder.census.gov>.

Housing affordability is best measured as the percentage of income spent on housing. For a household's housing costs to be considered affordable, no more than 30 percent of its income should be spent on housing. “Families who pay more than 30 percent of their income for housing are considered cost-burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care”.<sup>6</sup> In 2004, 58 percent of Miami-Dade County renter and owner-occupied households<sup>7</sup> paid 30 percent or more of their annual household income on housing (see Figure 4).<sup>8</sup> This percentage is higher than that for the United States, the State of Florida and both Broward and Palm Beach Counties.

Another income related economic indicator is the number of household earning 80 percent or less than the median income. The U.S. Department of Housing and Urban Development has

designated these as low-income households, eligible for housing assistance. Public Housing Authority's are unable to deny admission to housing units if a family earns at or below this level (though standards can be set to prioritize households earning less than this amount).<sup>9</sup>

In 2004, 80 percent of the median household income in Miami-Dade County was \$29,620 and 319,931 households earned at or below this level. This was 40 percent of total households.<sup>10</sup>



<sup>6</sup> Source: U.S. Department of Housing and Urban Development: Homes and Communities; available from <http://www.hud.gov/offices/cpd/affordablehousing/index.cfm>.

<sup>7</sup> Includes only those units that are renter-occupied paying cash rent and owner-occupied with a mortgage.

<sup>8</sup> Source: U.S. Census Bureau; 2004 American Community Survey, Tables B25070 & B25091; available from <http://factfinder.census.gov>.

<sup>9</sup> Source: U.S. Office of Housing and Urban Development; available from [http://www.hud.gov/offices/pih/phr/about/ao\\_faq.cfm](http://www.hud.gov/offices/pih/phr/about/ao_faq.cfm).

<sup>10</sup> Source: U.S. Census Bureau; 2004 American Community Survey, Tables B19001 & B19013; available from <http://factfinder.census.gov>.

Minimum wage data can also help to shed light on the issue of affordability. In 2004, the minimum wage in Florida was \$6.15. Though this was an entire dollar over the national standard (\$5.15), a resident of Miami-Dade earning minimum wage can afford a monthly rent of no more than \$320.<sup>11</sup> In order to afford a two-bedroom unit at the area's fair market rent (\$929), the same person would have had to work 100 hours per week.<sup>12</sup>

### Coming Soon...

Currently the Housing Data Clearinghouse is updating our assisted housing records with 2004 information. All the housing authorities in Miami-Dade County have now submitted their data and we will have it available in early 2006.

More data from the U.S. Census Bureau's American Community Survey will also be coming soon. This data will be uploaded to our website in order to complement the Census 2000 data. Please visit our website to see the latest data uploads and reports from Miami-Dade County's Housing Data Clearinghouse:

[http://www.miamidade.gov/planzone/hdc\\_home.asp](http://www.miamidade.gov/planzone/hdc_home.asp)

Also look out for new legislation to be brought before the County Commissioners regarding Workforce (Affordable) Housing. This legislation will model inclusionary zoning practices used in Fairfax, Virginia and Montgomery, Maryland and could significantly increase the development of affordable housing in Miami-Dade County.

### Contact Information

Here is how you may get in touch with us should you have any questions, comments or concerns regarding the Housing Data Clearinghouse:

Telephone: (305) 375-2845

Fax: (305) 375-4590

Email: [Andrase@miamidade.gov](mailto:Andrase@miamidade.gov)  
[Rozeckp@miamidade.gov](mailto:Rozeckp@miamidade.gov)

<sup>11</sup> Source: National Low Income Housing Coalition; available from [www.nlihc.org](http://www.nlihc.org).

<sup>12</sup> Source: National Low Income Housing Coalition; available from [www.nlihc.org](http://www.nlihc.org).

### Links

Miami-Dade County Department of Planning and Zoning Housing Data Clearinghouse Homepage

[http://www.miamidade.gov/planzone/hdc\\_home.asp](http://www.miamidade.gov/planzone/hdc_home.asp)  
 (305) 375-2845

Miami-Dade Housing Agency

<http://www.miamidade.gov/housing/>  
 (305) 644-5100

Miami-Dade County Housing Finance Authority

<http://www.miamidade.gov/hfa/>  
 (768) 331-5361

Miami-Dade County Office of Community and Economic Development

<http://www.miamidade.gov/ced/>  
 (305) 375-3422

City of Miami Department of Community Development

<http://www.ci.miami.fl.us/communitydevelopment/>  
 (305) 416-2080

Hialeah Housing Agency

<http://www.hialeahhousing.org>  
 (305) 888-9747

Florida Housing Coalition

<http://www.flhousing.org>  
 (800) 677-4548

Florida Housing Finance Corporation

<http://www.floridahousing.org/Home/default.htm>  
 (850) 488-4197

Fannie Mae

<http://www.fanniemae.com/index.jhtml>

U.S. Department of Housing and Urban Development

<http://www.hud.gov/>  
 (202) 708-1112

Federal Deposit Insurance Corporation

<http://www.fdic.gov/>  
 (877) 875-3342

Pinnacle Housing Group

<http://www.pinnaclehousing.com/home.html>  
 (305) 854-7100

## Technical Tables

The Tables below correspond to the Figures on pages one and two of this newsletter:

Table 1: Home Sales for Single Family Houses Miami-Dade County, Florida 2000-2004				
Year	Used	Average Price	New	Average Price
2000	30,338	\$163,196	4,262	\$188,728
2001	31,791	\$177,687	4,472	\$218,965
2002	33,756	\$200,920	4,395	\$232,068
2003	35,392	\$231,147	4,200	\$268,734
2004	21,708	\$282,752	3,595	\$253,300

Table 2: Home Sales for Condominiums Miami-Dade County, Florida 2000-2004				
Year	Used	Average Price	New	Average Price
2000	16,746	\$133,136	4,737	\$214,361
2001	17,705	\$143,753	5,974	\$243,769
2002	19,474	\$164,974	5,681	\$267,682
2003	20,271	\$195,186	7,210	\$307,611
2004	13,851	\$234,204	4,887	\$285,887

Table 3: "Housing Affordability Gap" Miami-Dade County, Florida 1970-2004		
Year	Median Income	Median Housing Value
1970	\$7,151	\$13,600
1975	\$11,361	\$35,400
1980	\$15,571	\$57,200
1985	\$21,240	\$71,600
1990	\$26,909	\$86,000
1995	\$31,438	\$105,000
2000	\$35,966	\$124,000
2001	\$33,840	\$134,620
2002	\$36,183	\$147,734
2003	\$36,089	\$172,757
2004	\$37,025	\$193,906

Table 4: Percent of Occupied Housing Units Paying 30 Percent or More of Income for Housing Miami-Dade County, Florida 2004	
Geographic Area	Percent
United States	37.3
Florida	42.8
Miami-Dade	57.7
Broward	48.3
Palm Beach	45.1



**Carlos Alvarez**  
Mayor

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